



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

Internal Audit Section

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August 10, 2009

Steve Campbell, Executive Director
Peter and Paul Community Services, Inc.
1025 Park Avenue
St. Louis, MO. 63104

RE: Housing Opportunities for Persons with AIDS (HOPWA)
(Project #2009-DOH11)

Dear Mr. Campbell:

Enclosed is a report of our fiscal monitoring review of Peter and Paul Community Services, Inc., a not-for-profit organization, HOPWA Program, for the period January 1, 2008, through October 31, 2008. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of the Peter & Paul Community Services, Inc. Fieldwork was completed on November 26, 2008.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis Department of Health (DOH) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: David Fagala, Accountant II, DOH
Amber Wagner, Grants Administrator, DOH



CITY OF ST. LOUIS

DEPARTMENT OF HEALTH (DOH) HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

PETER AND PAUL COMMUNITY SERVICES, INC.
CONTRACT #HD-08-23
CFDA #14.241

FISCAL MONITORING REVIEW

JANUARY 1, 2008 THROUGH OCTOBER 31, 2008

PROJECT #2009-DOH11

DATE ISSUED: AUGUST 10, 2009

Prepared by:
The Internal Audit Section



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
DEPARTMENT OF HEALTH
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)
PETER AND PAUL COMMUNITY SERVICES, INC.
FISCAL MONITORING REVIEW
JANUARY 1, 2008 THROUGH OCTOBER 31, 2008**

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INTRODUCTION

Background

Contract Name: Peter and Paul Community Services, Inc.

Contract Number: HD-08-23

CFDA Number: 14.241

Contract Period: January 1, 2008 through March 31, 2008
(Revised through June 30, 2009)

Contract Amount: \$112,350

The contract provided Housing Opportunities for Persons with AIDS (HOPWA) funds to Peter and Paul Community Services, Inc. (Agency) to provide housing assistance to persons with HIV/AIDS and their families. It also provided assistance for the special needs of households to establish and maintain stable housing, thereby reducing the risk of homelessness and improving their access to health-care and other supportive services.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local Department of Health (DOH) requirements for the period January 1, 2008, through October 31, 2008, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grants administered by DOH. Evidence was tested supporting the reports the agency submitted to DOH and other procedures were performed as considered necessary. Fieldwork was completed on November 26, 2008.

Exit Conference

The Agency was offered the opportunity for an exit; however, it was declined.

Management's Responses

Management response to the observation and recommendation was received August 10, 2009, and have been incorporated into this report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local DOH requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report, Project #2008-DOH11, issued October 16, 2008, identified no observations.

A-133 Status

According to a letter received from the Agency dated November 21, 2008, it did not expend \$500,000 or more in federal funds in its fiscal year ended June 30, 2008, and was not required to have an A-133 audit.

Summary of Current Observations

We made a recommendation for the following observation, which if implemented, could assist the Agency in fully complying with federal, state and local DOH requirements.

- Opportunity for compensating internal controls in lieu of segregation of duties

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity for Compensating Internal Controls In Lieu of Segregation of Duties

The Agency's office manager was responsible for authorization, record keeping, reconciliations and the custody of assets and his work was not reviewed.

Segregation of duties is a basic key internal control factor established to prevent errors and irregularities in a timely manner by employees in the normal course of business. No one person should have control over two or more phases of a transaction or operation. In those circumstances where duties cannot be segregated, mitigating and compensating controls must be established. Mitigating and compensating controls are additional procedures designed to reduce the risk of errors and irregularities. For instance if the bookkeeper also performs reconciliation process, his or her work could be reviewed and documented by the management to provide additional controls over the assignment of incompatible duties.

The Agency had only one employee; therefore, his or her duties could not be segregated. However, the Agency did not established mitigating and compensating controls to reduce the risk of errors and irregularities.

If an adequate segregation of duties or mitigating and compensating controls does not exist, the following could occur:

- Misappropriation of assets
- Misstated of financial statements
- Inaccurate of financial documentation (errors and irregularities)
- Improper use of the grant fund

Recommendation

It is recommended that the Agency establish mitigating and compensating controls to prevent risk of errors and irregularities by requiring the executive director to review and document the office manager's work.

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Management's Response

After consulting with our auditing firm, in responses to the recommendation that was made regarding the Opportunity for Compensating Internal Controls In-Lieu of Segregation of Duties, Peter and Paul Community Services has implemented the following plan:

- *The Special Event/Volunteer Coordinator will receive and open all incoming mail since she has restricted access to the financial management software. Whenever possible, the special Events/Volunteer Coordinator and the Director of Operations will open the mail together.*
- *We will make every effort to ensure that an outside agent conducts all bank reconciliations for the organization. If in the case that a bank reconciliation is conducted by the Director of Operations, the Executive Director will review and document his work.*